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**ECONOMIC  
INVESTMENT  
TRUST  
LIMITED**



**Forty-Eighth  
ANNUAL REPORT  
December 31, 1974**





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**ECONOMIC INVESTMENT TRUST LIMITED**  
Tenth Floor, 165 University Avenue, Toronto 1, Ontario, Canada

**DIRECTORS AND OFFICERS**

A. BRUCE MATTHEWS, C.B.E., D.S.O.	<i>Chairman of the Board</i>
HENRY N.R. JACKMAN	<i>Deputy Chairman</i>
LAWRENCE W. SKEY, D.F.C.	<i>Managing Director</i>
FREDERICK W.P. JONES	<i>Director</i>
JOHN A. RHIND	<i>Director</i>
A. GEORGE DRAGONE	<i>Director</i>
L. RUTH ROONEY	<i>Secretary-Treasurer</i>



HEAD OFFICE	<i>Tenth Floor, 165 University Avenue, Toronto, Ontario</i>
SHARES LISTED	<i>Toronto Stock Exchange</i>
BANKERS	<i>Canadian Imperial Bank of Commerce</i>
AUDITORS	<i>Clarkson, Gordon &amp; Co.</i>
TRANSFER AGENT AND REGISTRAR	<i>Canada Permanent Trust Company</i>

## ECONOMIC INVESTMENT TRUST LIMITED DIRECTORS' REPORT TO THE SHAREHOLDERS

### NET ASSET VALUE

The net asset value of the Trust's common shares decreased by 30.6% during 1974 from a per share value of \$26.67 as of December 31, 1973 to \$18.50 at the end of 1974. This decrease is after the payment of preference and common dividends. We are pleased to report that at February 28, 1975 the net asset value had increased to \$23.01 per share.

Recorded below is the comparative performance of our results against the Toronto Stock Exchange and Dow-Jones Averages for the last six years.

	Economic	T.S.E.	Dow-Jones
1974	(30.6)	(26.6)	(27.6)
1973	(7.6)	(3.56)	(19.9)
1972	34.4	22.0	14.6
1971	15.0	4.1	6.1
1970	(7.6)	(6.3)	4.8
1969	(6.5)	(1.6)	(15.2)

The Trust's investment portfolio and the financial record over the past forty-six years follow the financial statements given in this annual report.

### EARNINGS AND DIVIDENDS

Net earnings per common share amounted to 70 cents, an increase of 17% over the 60 cents earned in 1973. The total of preference and common share dividends paid to Shareholders in 1974 was \$911,236, an increase of 14.1%. The common share dividend was increased by 11 cents per share from 54 cents paid in 1973 to 65 cents paid in 1974 which represents a 20.4% improvement.

### TAXES

Shareholders are referred to Note 2 to the Financial Statements regarding the method of presentation for refundable capital gains taxes which was changed in 1973 to conform with the recommendations made in 1973 by the Canadian Institute of Chartered Accountants. At December 31, 1974 refundable capital gains taxes paid by the Trust and available for refund upon distribution of the gains to Shareholders in the form of capital gains dividends amounted to \$110,000.

Shareholders already have been advised that based on an examination of the Shareholders' list during 1974, it is the opinion of the Directors that it is in the best

interest of a considerable majority of the Shareholders that tax be paid by the Trust on taxable gains, leaving the balance of these gains in the Trust.

### OUTLOOK FOR 1975

In my 1972 and 1973 reports to shareholders, I drew attention to several factors on the horizon that would have impact on Canada. These included inflation, large increases in the money supply, unemployment, rising welfare costs, currency fluctuations, high cost wage supplements as well as the energy crises. Unfortunately they all remain with us, in varying degrees, and will continue through 1975.

The consensus must be one of concern about the capacity of governments to cope with such a range of adverse developments at any one time. While the decline in interest rates and the easing of credit are welcome in the short term, we are not persuaded that this condition will prevail. The funding of deficit spending by governments will make investment judgement increasingly difficult.

### RETIREMENT SAVINGS PLANS

Due to the difficulty encountered in purchasing sufficient shares of the Economic Investment Trust to satisfy the needs of its Retirement Savings Plans, the Directors have advised the Trustee for the Plans, not to accept any applications for new plans.

Retirement Savings Plan holders will be advised further during the coming year, of alternatives to continuing their Plans as presently constituted. We will welcome any enquiries you may wish to make prior to hearing from us again.

### ANNUAL MEETING

The Annual Meeting of Shareholders has been called for 11:30 a.m. on Wednesday, April 16, 1975 in the Board Room of The Dominion of Canada General Insurance Company, 10th Floor, 165 University Avenue, Toronto. All Shareholders are cordially invited to attend.

On behalf of the Board

A. BRUCE MATTHEWS, Chairman

Toronto, Canada

Dated March 26, 1975.

# ECONOMIC INVESTMENT TRUST LIMITED

*(Incorporated under the laws of Canada)*

## BALANCE SHEET

	December 31	
	1974	1973
ASSETS		
Investments at market value (note 3)		
(Cost: 1974 - \$19,769,403; 1973 - \$20,800,617) . . . . .	\$22,481,888	\$32,434,501
Cash and short-term deposit receipts . . . . .	1,521,028	
Due from brokers for securities sold . . . . .	34,259	
Accounts receivable . . . . .	6	5,500
Income taxes recoverable . . . . .	68,286	99,887
	<u>\$24,105,467</u>	<u>\$32,539,888</u>
LIABILITIES AND SHAREHOLDERS' EQUITY		
Liabilities:		
Bank indebtedness (note 3) . . . . .	\$ 31,264	
Due to brokers for securities purchased . . . . .	\$ 74,477	
Accounts payable and accrued charges . . . . .	5,517	5,968
	<u>79,994</u>	<u>37,232</u>
Shareholders' equity:		
Share capital—		
Authorized:		
195,705 preferred shares of \$50 par value		
(exclusive of 4,295 shares redeemed)		
2,500,000 common shares of no par value		
Issue:		
95,705 5% cumulative preferred shares Series A,		
redeemable at \$52.50 (96,305 in 1973) (note 4) . . . . .	4,785,250	4,815,250
1,032,940 common shares . . . . .	4,116,691	4,116,691
Surplus—		
Contributed surplus . . . . .	600,713	588,288
Earned surplus . . . . .	991,468	936,682
Accumulated surplus on sale of investments . . . . .	10,818,866	10,411,861
Unrealized appreciation of investments . . . . .	2,712,485	11,633,884
	<u>24,025,473</u>	<u>32,502,656</u>
	<u>\$24,105,467</u>	<u>\$32,539,888</u>

On behalf of the Board:

A. BRUCE MATTHEWS Director

LAWRENCE W. SKEY Director

(See accompanying notes)

**ECONOMIC INVESTMENT TRUST LIMITED**  
**STATEMENTS OF REVENUE AND EXPENSES AND EARNED SURPLUS**

	Year ended December 31	
	<u>1974</u>	<u>1973</u>
REVENUE AND EXPENSES		
Revenue received:		
Dividends from taxable Canadian corporations . . . . .	\$ 930,050	\$ 899,583
Dividends from other corporations . . . . .	33,272	39,119
Interest . . . . .	111,602	21,993
	1,074,924	960,695
Expenses:		
Administrative expenses . . . . .	40,112	39,600
Directors' fees and salaries . . . . .	36,028	28,495
Bank interest and charges . . . . .	12,720	14,321
Transfer agent's and auditors' fees . . . . .	7,931	9,638
Legal fees . . . . .	111	1,000
	96,902	93,054
Profit before income taxes . . . . .	978,022	867,641
Income taxes . . . . .	12,000	4,968
Net profit for year (per common share):		
1974 - \$0.70; 1973 - \$0.60) . . . . .	\$ 966,022	\$ 862,673
EARNED SURPLUS		
Balance at beginning of year . . . . .	\$ 936,682	\$ 872,559
Add net profit for year . . . . .	966,022	862,673
	1,902,704	1,735,232
Deduct:		
Dividends paid out of investment income on —		
preferred shares (\$2.50 per share) . . . . .	239,825	240,763
common shares (\$0.65 per share) (1973 - \$0.54) . . . . .	671,411	557,787
	911,236	798,550
Balance at end of year . . . . .	\$ 991,468	\$ 936,682

Note: Included in earned surplus is capital surplus arising under Section 62 of the Canada Corporations Act amounting to \$173,616 in 1974 and \$156,041 in 1973. During 1974 \$17,575 was transferred from earned surplus to this capital surplus to cover the cost of preferred shares redeemed during the year.

(See accompanying notes)

**ECONOMIC INVESTMENT TRUST LIMITED**  
**STATEMENT OF CONTRIBUTED SURPLUS, ACCUMULATED SURPLUS ON SALE OF INVESTMENTS**  
**UNREALIZED APPRECIATION OF INVESTMENTS AND CHANGES IN NET ASSETS**

	<u>Year ended December 31</u>	
	<u>1974</u>	<u>1973</u>
<b>CONTRIBUTED SURPLUS</b>		
Balance at beginning of year . . . . .	\$ 588,288	\$ 588,288
Add excess of par value of preferred shares redeemed over repurchase price thereof (note 4) . . . . .	12,425	
Balance at end of year . . . . .	<u>\$ 600,713</u>	<u>\$ 588,288</u>
<b>ACCUMULATED SURPLUS ON SALE OF INVESTMENTS</b>		
Balance at beginning of year . . . . .	<u>\$10,411,861</u>	<u>\$10,313,656</u>
Net surplus on securities sold during the year (no taxes payable thereon): . . . . .		
Proceeds of sales . . . . .	4,358,432	2,389,938
Investments at cost, beginning of year . . . . .	20,800,617	20,099,984
Investments purchased during year . . . . .	2,920,213	2,992,366
Investments at cost, end of year . . . . .	(19,769,403)	(20,800,617)
Cost of investments sold . . . . .	3,951,427	2,291,733
	<u>407,005</u>	<u>98,205</u>
Balance at end of year . . . . .	<u>\$10,818,866</u>	<u>\$10,411,861</u>
<b>UNREALIZED APPRECIATION OF INVESTMENTS</b>		
Balance at beginning of year . . . . .	\$11,633,884	\$14,078,457
Net decrease for year . . . . .	(8,921,399)	(2,444,573)
Balance at end of year . . . . .	<u>\$ 2,712,485</u>	<u>\$11,633,884</u>
<b>CHANGES IN NET ASSETS</b>		
Net assets at beginning of year . . . . .	<u>\$32,502,656</u>	<u>\$34,784,901</u>
Additions:		
Net surplus on securities sold (no taxes payable thereon) . . . . .	407,005	98,205
Net profit for year . . . . .	966,022	862,673
	<u>1,373,027</u>	<u>960,878</u>
Deductions:		
Dividends paid - on preferred shares . . . . .	239,825	240,763
- on common shares . . . . .	671,411	557,787
Decrease in unrealized appreciation of investments . . . . .	8,921,399	2,444,573
Cost of preferred shares redeemed (note 4) . . . . .	17,575	
	<u>9,850,210</u>	<u>3,243,123</u>
Net increase (decrease) for year . . . . .	(8,477,183)	(2,282,245)
Net assets at end of year . . . . .	<u>\$24,025,473</u>	<u>\$32,502,656</u>

(See accompanying notes)

# ECONOMIC INVESTMENT TRUST LIMITED

## NOTES TO FINANCIAL STATEMENTS

December 31, 1974

### 1. Summary of accounting policies

The following is a summary of the accounting policies consistently followed by the company:

#### (i) Basis of determining market value —

The company's investments are stated at a market value in these financial statements to facilitate the computation of net asset value on a market value basis. In the accounts of the company, however, investments are stated at cost and not adjusted for fluctuations in market value.

The market value of each listed security is determined as the latest sale price thereof reported by the principal securities exchange on which the issue is traded or, if no sale is reported, the latest bid price is used. Securities which are traded over-the-counter are priced at the bid price quoted by a major dealer in such securities.

#### (ii) Investment transactions —

Investment transactions are accounted for on the trade date (date the order to buy or sell is executed). Realized gains and losses from investment transactions and unrealized appreciation of investments are calculated on an average cost basis.

#### (iii) Foreign exchange —

Foreign currency amounts included in the financial statements are stated in Canadian dollars on the following bases:

(a) Market value of investment securities, other assets and liabilities - at the closing rate of exchange in each year;

(b) Purchases and sales of investment securities, revenue and expenses - at the rate of exchange prevailing when the transactions giving rise to such items occurred.

### 2. Income taxes

Throughout the years ended December 31, 1974, 1973 and 1972, the company qualified as an "investment corporation" under Section 130 of the Income Tax Act. The investment income of an "investment corporation", other than dividends received from taxable Canadian corporations (which are not taxed in the company), is taxed at a reduced rate.

Taxes (1974 - nil; 1973 - nil; 1972 - \$110,000) paid by the company to December 31, 1974 on net taxable capital gains realized by it after January 1, 1972 have been charged during such period against accumulated surplus on sale of investments. Such taxes are refundable to the company as long as it continues to qualify as an "investment corporation", and will be refunded to the company on any distribution of such gains to shareholders in the form of capital gains dividends.

At December 31, 1974, there was approximately \$2,270,000 of net unrealized capital losses for tax purposes on securities held in the investment portfolio at that date.

### 3. Bank indebtedness

Bank indebtedness of the company that may be outstanding from time to time is secured by hypothecation of the company's investments.

### 4. Preferred shares

During the year the company purchased certain preferred shares for redemption at a cost of \$17,575. The excess (\$12,425) of the par value of these shares (\$30,000) over their purchase price has been credited to contributed surplus.

### 5. Statutory information

During the year the company had six directors and four officers, three of whom were also directors. The following aggregate remuneration was paid to the directors and officers during the year ended December 31, 1974: directors, as directors \$18,600 (1973 - \$12,800); officers, as officers \$21,413 (1973 - \$17,762).

## AUDITORS' REPORT

To the Shareholders of  
Economic Investment Trust Limited:

We have examined the balance sheet and investment portfolio of Economic Investment Trust Limited as at December 31, 1974, and the statements of revenue and expenses, earned surplus, contributed surplus, accumulated surplus on sale of investments, unrealized appreciation of investments and changes in net assets for the year then ended. Our examination included a general review of the accounting procedures and such tests of accounting records and other supporting evidence as we considered necessary in the circumstances.

In our opinion these statements present fairly the financial position and investment portfolio of the company as at December 31, 1974 and the results of its operations and the changes in its net assets for the year then ended, in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

CLARKSON, GORDON & CO.

Chartered Accountants

Toronto, Canada,  
January 31, 1975.

# ECONOMIC INVESTMENT TRUST LIMITED

## INVESTMENT PORTFOLIO AS AT DECEMBER 31, 1974

	Par value	Market value
<b>DEBENTURES (5.7% of net assets)</b>		
Ashland Oil Canada Limited 5% Conv. Sub.		
Debentures due January 15, 1993 . . . . .	\$ 100,000	\$ 53,000
Hudson's Bay Company 6% Exchange Sub.		
Debentures due July 15, 1993 . . . . .	\$ 500,000	\$ 325,000
Moore Corporation Limited 6% Conv. Sub		
Debentures due April 1, 1994 . . . . .	\$1,000,000	900,000
Pacific Petroleums Ltd. 5% Conv. Sub.		
Debentures due May 1, 1992 . . . . .	\$ 145,000	88,450
		<u><u>\$1,366,450</u></u>
<b>PREFERRED SHARES (0.7% of net assets)</b>		
	Number of shares	
Fulcrum Investment Co. Ltd. 6% Cum. Pref. "A" . . . . .	30,000	<u><u>\$ 172,500</u></u>
<b>COMMON AND CONVERTIBLE PREFERRED SHARES (87.2% of net assets)</b>		
<b>BANK AND TRUST COMPANIES (33.4% of net assets) —</b>		
Bank of Nova Scotia . . . . .	55,000	\$1,904,375
Canadian Imperial Bank of Commerce . . . . .	50,000	1,087,500
Metropolitan Trust Company . . . . .	49,717	472,311
Royal Bank of Canada . . . . .	10,000	260,000
Toronto-Dominion Bank . . . . .	65,000	2,128,750
Victoria & Grey Trust Company . . . . .	100,000	2,150,000
		<u><u>\$8,002,936</u></u>
<b>ENTERTAINMENT AND RECREATION (0.3% of net assets) —</b>		
Standard Broadcasting Corp. Ltd. . . . .	10,000	<u><u>\$ 78,750</u></u>
<b>FINANCIAL, INSURANCE AND FUNDS (9.3% of net assets) —</b>		
Dale Ross Holdings Ltd. . . . .	50,000	\$ 400,000
E-L Financial Corp. Ltd. Conv. Pref. "A" . . . . .	92,900	696,750
E-L Financial Corp. Ltd. . . . .	46,225	120,185
Fulcrum Investment Co. Ltd. . . . .	54,000	94,500
General Products Mfg. Corp. Ltd. "A" . . . . .	10,000	13,000
London Life Insurance Company . . . . .	7,000	504,000
Noel Mutual Fund Ltd. - special shares . . . . .	1,490	128,140
United Canadian Shares Ltd. . . . .	54,960	274,800
		<u><u>\$2,231,375</u></u>

## ECONOMIC INVESTMENT TRUST LIMITED

### COMMON AND CONVERTIBLE PREFERRED SHARES (Continued)

	Number of shares	Market value
<b>FOOD, BEVERAGE AND TOBACCO (7.2% of net assets)—</b>		
Bright & Co. Ltd., T.G. "A" . . . . .	50,000	\$ 412,500
The Seagram Company Limited . . . . .	25,000	793,750
Walker-Goodeham & Worts, Ltd., Hiram "A" . . . . .	15,000	528,750
		<u>\$1,735,000</u>
<b>GENERAL MANUFACTURING (2.2% of net assets)—</b>		
Avco Corporation . . . . .	20,000	\$ 47,082
Boeing Company . . . . .	3,000	46,834
Dominion Foundries & Steel Ltd. . . . .	20,000	435,000
		<u>\$ 528,916</u>
<b>METALS AND MINING (12.7% of net assets)—</b>		
Denison Mines Ltd. . . . .	5,000	\$ 177,500
Dome Mines Ltd. . . . .	30,000	1,282,500
Hollinger Mines Ltd. "A" . . . . .	20,000	450,000
International Nickel Co. of Canada Ltd. "A" . . . . .	10,000	211,250
Noranda Mines Ltd. "A" . . . . .	15,000	427,500
Placer Development Ltd. . . . .	20,000	292,500
Sigma Mines (Quebec) Ltd. . . . .	5,800	165,300
Sullivan Mining Group Ltd. "A" . . . . .	27,000	40,500
		<u>\$3,047,050</u>
<b>OIL, GAS AND PIPELINES (9.8% of net assets)—</b>		
Alberta Gas Trunk Line Co. Ltd. "A" . . . . .	50,000	\$ 525,000
B.P. Canada Ltd. . . . .	40,000	340,000
Gulf Oil Canada Ltd. . . . .	5,000	120,000
Home Oil Company Limited "A" . . . . .	18,290	301,785
Interprovincial Pipe Line Limited . . . . .	25,000	290,625
Shell Canada Ltd. "A" . . . . .	30,000	371,250
Texaco Canada Ltd. . . . .	10,000	257,500
TransCanada PipeLines Limited \$2.65 Cum. Red. Conv. 2nd Pref. "A" . . . . .	5,000	150,000
		<u>\$2,356,160</u>
<b>PRINTING AND PUBLISHING (4.8% of net assets)—</b>		
Moore Corporation Ltd. . . . .	20,000	\$ 815,000
Thomson Newspapers Ltd. "A" . . . . .	30,000	330,000
		<u>\$1,145,000</u>

# ECONOMIC INVESTMENT TRUST LIMITED

## COMMON AND CONVERTIBLE PREFERRED SHARES (Continued)

	Number of shares	Market value
<b>PUBLIC UTILITIES (4.8% of net assets)—</b>		
Bell Canada . . . . .	15,600	\$ 680,549
British Columbia Telephone Company . . . . .	10,000	470,000
		<u>\$ 1,150,549</u>
<b>PULP AND PAPER (0.7% of net assets)—</b>		
Abitibi Paper Co. Ltd. . . . .	10,000	\$ 97,500
Price Co. Ltd. . . . .	5,600	74,200
		<u>\$ 171,700</u>
<b>TRANSPORTATION (1.9% of net assets)—</b>		
Algoma Central Railway . . . . .	50,000	<u>\$ 456,249</u>
<b>MISCELLANEOUS (0.1% of net assets)—</b>		
Sundry securities . . . . .		<u>\$ 39,253</u>
<b>TOTAL COMMON AND CONVERTIBLE PREFERRED SHARES</b> . . . . .		<u>\$20,942,938</u>
<b>TOTAL INVESTMENT PORTFOLIO</b> . . . . .		<u>\$22,481,888</u>

## SUMMARY

	Market value	% of net assets
Debentures . . . . .	\$ 1,366,450	5.7%
Preferred shares . . . . .	172,500	0.7%
Common and convertible preferred shares . . . . .	20,942,938	87.2%
Cash and cash items (net) . . . . .	1,543,585	6.4%
<b>TOTAL NET ASSETS</b> . . . . .	<u>\$24,025,473</u>	<u>100.0%</u>

(See accompanying notes)

# Financial Record - 1928 - 1974

Year Ending March 31	Gross Income	Bond and Debenture Interest	Amount	Expenses			Net Income	Total Net Assets	Funded Debt and Preferred Shares†	Available for Common Shares	Common Shares Outstanding*	Asset Value per Common Share *
				% of Net Assets	Income Taxes							
1928	\$106,907	\$20,742	\$24,968	1.390	\$ 1,361	\$59,836	\$ 1,794,643	\$1,000,000	\$ 794,643	403,125	\$ 1.97	
1933	98,327	48,664	12,562	1.080	563	36,538	1,161,715	962,500	199,215	499,062	0.40	
1938	157,194	48,216	16,507	.813	3,090	89,381	2,028,005	1,000,000	1,028,005	499,062	2.06	
1943	156,515	50,000	15,884	.610	11,079	79,552	2,604,866	1,000,000	1,604,866	499,062	3.22	
1948	157,877	30,000	17,823	.506	-	110,054	3,522,969	1,000,000	2,522,969	500,000	5.05	
Year Ending Dec. 31		Bond, Bank and Debenture Interest										
1953	276,684	37,635	29,647	.570	19,500	189,902	5,197,984	1,250,000	3,947,984	625,000	6.32	
1961	489,840	85,867	35,713	.235	20,000	348,260	15,222,286	2,509,500	12,712,786	969,855	13.09	
1962	548,028	67,285	40,016	.251	13,000	427,727	15,959,654	4,100,000	11,859,654	1,032,940	11.48	
1963	614,170	61,743	43,037	.244	14,000	495,390	17,633,299	4,100,000	13,533,299	1,032,940	13.10	
		Bank Interest										
1964	678,595	5,464	45,973	.219	11,000	616,158	20,955,088	5,250,000	15,705,088	1,032,940	15.20	
1965	762,143	3,749	46,506	.212	8,000	703,888	21,897,735	5,250,000	16,647,735	1,032,940	16.12	
1966	800,963	1,105	49,136	.251	13,500	737,222	19,613,106	5,250,000	14,363,106	1,032,940	13.91	
1967	858,076	3,331	46,973	.204	19,000	788,772	23,076,097	5,128,462	17,947,635	1,032,940	17.38	
1968	805,538	2,494	51,221	.187	19,000	732,823	27,392,675	5,061,263	22,331,412	1,032,940	21.62	
1969	845,570	1,693	54,583	.210	30,000	759,294	25,942,615	5,061,263	20,881,352	1,032,940	20.22	
1970	884,250	681	57,397	.236	28,000	798,172	24,365,591	5,061,263	19,304,328	1,032,940	18.69	
1971	870,352	8,346	62,674	.230	18,000	781,332	27,254,532	5,056,013	22,198,519	1,032,940	21.49	
1972	908,069	1,066	68,013	.196	3,500	835,490	34,784,901	5,056,013	29,832,388**	1,032,940	28.88	
1973	960,695	13,371	79,683	.245	4,968	862,673	32,502,656	5,056,013	27,556,643**	1,032,940	26.67	
1974	1,074,924	10,627	86,275	.359	12,000	966,022	24,025,473	5,024,513	19,110,960 **	1,032,940	18.50	

† Preferred Shares at redemption price of \$52.50 per share.

\* Adjusted for 5-for-2 split in 1951 and 5-for-1 split in 1963.

\*\* Including refundable capital gains tax on hand.







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ECONOMIC INVESTMENT TRUST  
LIMITED  
Toronto 1, Canada

*CanCorp*

Report for the Six Months  
Ended June 30, 1974  
(unaudited)

**ECONOMIC INVESTMENT TRUST LIMITED**  
**CONDENSED COMPARATIVE STATEMENT OF PROFIT AND LOSS**  
For the Six months Ended June 30

	1974	1973
Profit before income taxes .....	\$ 460,774	\$ 415,879
Provision for income taxes .....	1,000	1,000
Net profit for the period .....	<u>\$ 459,774</u>	<u>\$ 414,879</u>
Per preferred share .....	\$4.80	\$4.31
Per common share .....	0.33	0.29

**COMPARATIVE STATEMENT OF CHANGES IN NET ASSETS**

For the Six months Ended June 30

	1974	1973
Net assets at beginning of period .....	<u>\$32,612,656</u>	<u>\$34,888,401</u>
Additions:		
Increase or (decrease) in unrealized appreciation of investments .....	(4,911,700)	(1,910,947)
Net surplus on investments sold .....	625,692	80,873
Net profit for period .....	<u>459,774</u>	<u>414,879</u>
	<u>(3,826,234)</u>	<u>(1,415,195)</u>
Deductions:		
Cost of 500 preferred shares redeemed .....	15,081	—
Dividends paid—		
On preferred shares .....	120,069	120,381
On common shares .....	<u>206,588</u>	<u>206,588</u>
	<u>341,738</u>	<u>326,969</u>
Net increase or (decrease) for period .....	<u>(4,167,972)</u>	<u>(1,742,164)</u>
Net assets at end of period .....	<u>\$28,444,684</u>	<u>\$33,146,237</u>
Net asset value per share—		
Preferred .....	\$297.00	\$344.00
Common .....	22.67	27.19

July 15, 1974

A. Bruce Matthews,  
Chairman